

STATE OF MAINE

Interdepartmental Memorandum

February 10, 2012

To: The Joint Standing Committee on Taxation

From: Peter B. Beaulieu, Director of Sales, Fuel and Special Tax Division,
Maine Revenue Services (MRS)

Subject: LD 1809 – An Act to Apply the Sales Tax on Camper Trailers and Motor Homes
Purchased for Rental in the Same Manner as on Automobiles Purchased for Rental

Primary Sponsor: Representative Amy Volk.

Estimated Revenue Impact: Attached.

Estimated Administrative Cost Impact: Can be absorbed within current budgetary allotments.

Identified Issues:

- The bill makes the rental of camper trailers and motor homes a “taxable service” under the sales and use tax law.
- Under current law, a camper trailer or motor home placed in rental service by a recreational vehicle dealer may be subject to a use tax based on the cost of the trailer/home.
- Effectively, the bill applies a 5% sales tax to the rentals rather than a 5% use tax on the cost.
- We recommend adding an application date section to the bill providing that it applies to purchases occurring on or after the first day of a stated month, and preferably the first day of a calendar quarter.
- The sales tax on the rental would apply regardless of the fact that use tax was due or paid prior to the application date. If this overlap is to be avoided, the statutory language would require modification. This modification would result in some loss of tax.
- Since Section 1752(22) defines “camper trailer”, we suggest replacing the phrase “as defined in section 1481, subsection 1-A” in Section 1 and the phrase “as defined in section 1481, subsection 1-A, but without restriction on length” in Section 2 with “as defined in this section”.

Similar Legislative Proposals: None.

cc (by e-mail): Office of Fiscal & Program Review
Office of DAFS Commissioner
Office of the Attorney General
Office of Policy & Legal Analysis

State Budget Office
Office of the Governor
Revisor's Office
Office of Information Technology